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MEMORANDUM FOR:   
Legislative Staff, OLCFROM: Edward L. Sherman  
Director of FinanceSUBJECT: Draft Legislation; "Classification and Compensation  
Act of 1979" (U)

1. Within the short time permitted for review we have conducted a cursory review of the draft legislation with particular attention to compensation entitlements. We would suggest clarification or rewording in the following areas.

a. Effective date.

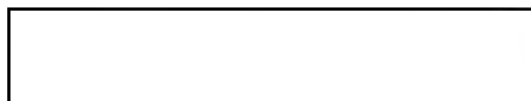
Page 71 and 72 of the bill place the effective date at "such time as the President may direct within a 3 year period that follows the date of enactment by not more than 2 years". This language seems vague and further confusing when one refers to the "Section Analysis" paper pages 28 and 29. The important point we wish to stress is that ample time be provided between the date of enactment and date of actual implementation for preparation of regulatory revisions and modifications of computer systems to accommodate the new requirements.

b. Section 5 of Section Analysis

The provisions of subsection (d) of section 5 appear to be contradictory to those of subsection (h). Subsection (h) clearly states that the amendment to section 5547 of title 5 removes the maximum limitation on aggregate compensation for nonexempt employees and thereby parallels the FLSA. However, Subsection (d) provides that compensatory time off may not be granted for the value of that time which exceeds the rate for Executive Level V or premium pay in excess of the limitation imposed by section 5547 of title 5.

2. On the question as to whether the Agency should adhere to the proposed new classification system should it become law we recommend the Agency continue to conform with classification and compensation systems enacted by Congress.

The Acting Director of the Agency reaffirmed, in 1962, CIA policy to adhere, insofar as practicable, to the compensation schedules and other provisions of the Classification Act of 1949 (see memorandum DDS 62-4815, dated 8 October 1962, cy. att.). That action resolved several recurring problems relative to the administration of pay in general and in particular with respect to legislative pay increases.



ST

Edward L. Sherman

Attachment